

To: Rhode Island Renewable Energy Fund Advisory Board *(Draft)*  
From: Nancy Selman  
Date: January 4, 2006  
Re: Meeting Minutes for December 13, 2005

Next meeting dates: Second Tuesday of every month. For 2006: 1/10; 2/14; 3/14; 4/11; 5/9; 6/13; 7/11; 8/8; 9/12; 10/10; 11/14; 12/12.

In attendance: See attached Attendance List.

1. Minutes and Update
  - a. Update –
    - i. typo in last sentence in 18 ii.
    - ii. 10 – should read “Rentricity is in discussions..”
  - b. Minutes – 4 a should read “the applicant has had a change in ..”
2. Narragansett Bay Commission (NBC) – Tom Uva introduced the NBC and potential renewables projects with which NBC is in early development stages. NBC operates the largest sewage treatment plants in RI: Fields Point ( 2.2 MW electrical load) and Buckland Point (1.1 MW electrical load) serving Pawtucket, Grand Falls and Providence. NBC has applied for an EPA grant of \$35,000 to investigate the use of renewable energy technologies at these 2 locations: wind, hydro, fuel cells, steam turbines running off digester gas. NBC also has a number of sewage treatment projects (such as nutrient removal) that will increase energy consumption at their plants. They see the potential renewable energy projects as being “showcase” or examples of what other utilities can do.
  - a. Fields Point – Conceptual projects include wind power to provide up to 1/3 of electricity usage; 25kW Rentricity-type (in-flow) project, utilizing a 42 million gallon flow of 10-foot head cleaned wastewater.
  - b. Buckland Point – has the potential for a Rentricity-type project utilizing a 24 million gallon flow.
3. Reallocation of 2006 FY Budget – discussion to be postponed until January 2006 to allow for RES conceptual program design discussions which will have a bearing on the budget.
4. RES – Bob Grace provided an update on RES. The negotiated rulemaking has resulted in the recent issuance by the PUC of a set of rules for the RES. One of most important issues to the Fund is long term RECs (or RECs and energy) contracts which are viewed as fundamental to stimulating new RE development. The outcome of the rules in this area is positive but not completely clear. NGrid must ask for long and short term bids, and the PUC will make its decision as to whether a long or short term contract is justified based on market conditions at the time of each procurement. NGrid won’t go out for bid in 2006 until the MA procurement for standard offer is completed. Bob Grace will meet with NGrid in January; the RES RECS procurement RFP is expected in mid- to late-second quarter. Bob noted that renewables development appears to be on the upswing with 229 projects counted in New England eligible for Class 1 in CT, MA and RI. An RES subcommittee was formed (Bob Grace, Janet Keller, Nancy Selman, Doug Hartley, Vin Rose, Chris Warfel, John Farley and David Jacobson) to discuss RES programs. The subcommittee will make a report at the January 2006 meeting.
5. Solar Incentives –
  - a. Bob Chew (SolarWrights) made a request that the Fund keep the incentive at \$4.50 for applications that came in over Summer 2005. The Board agreed to do this.
  - b. The Board voted on the following incentive structure for the Residential and Small Commercial Open Program:
    - i. Budget: \$235,118

- ii. Size cap: 6 kW
  - iii. NGrid Customer Class: Residential and Small Commercial
  - iv. Priority is first come, first served
  - v. Incentive level is \$4.50 until 2006 FY Program budget of \$235,118 is exhausted
  - vi. Going forward after the \$235k is exhausted:
    - 1. 2000 watts and less: \$3.50 per watt
    - 2. 2001 watts to 6000 watts: \$3.00 per watt.
    - 3. \$1500 incentive for first time installations for new contractors. Must be installed by a third party (electricians may not use incentive for own project.)
    - 4. No funding yet allocated under this portion of the Program.
  - c. Other commercial (large commercial customer classes)
    - i. All commercial project go through an RFP process
    - ii. 2006 budget of \$102,000
    - iii. Cap of 15 kW per project
    - iv. Incentive cap of
      - 1. up to \$3 for commercial
      - 2. up to \$4 for non-profits
- 6. Smartpower –
  - a. Bob Wall of Smartpower provided a recap of their efforts in 2005, which included the following activities: Television ads delivering the message that Clean Energy works; 300 radio ads; sponsorship of NPR with the Clean Energy tagline; print ads used in handouts at various events; earned media: press releases; Smartpower sponsored events, 20% by 2010 campaign in Providence, op-ed pieces; 200,000 pre-recorded calls, with 782 calls requesting more info. Those individuals were sent letter with details on GreenUp, etc.; sponsored events: NESEA conference, RI Home show table, Earth Day event, mostly at Audubon, Raytheon, Roger Williams Zoo (with Apeiron); Apeiron Sustainable Living Festival; Clean Energy Night at McCoy Stadium; CleanEnergyRI.com website; market research performed in June 2005 showing an increase in familiarity: 20% heard about GreenUp a lot or some, a strong preference for Clean Energy: majority said they would choose, and a need to know: over 20% - don't know how, 21% never got to it; and the Portsmouth Abbey groundbreaking event.
  - b. 20% by 2010 Campaign - Providence was the first New England capital city to commit to Clean Energy by unanimous consent of city council and mayor. Pawtucket would like to also pledge. Smartpower has conducted community meetings providing residents with the opportunity to sign up for GreenUp and learn about Clean Energy in East Providence and Pawtucket.
- 7. Scholarships for solar electric – Some individual homeowners have expressed interest in attending the VoTech solar course for electricians which costs \$500 in tuition. A recommendation will be made to the Board after further investigation.
- 8. Clean Energy States Alliance, Offshore Energy Alliance - The 2005 Energy Act has given the MMS authority to promulgate regulations in 2006 for permitting offshore energy projects. CESA has proposed using Clean Energy Group (CEG, a sister organization to CESA) to research Europe's efforts along these lines and to provide input to MMS. CESA is developing comments to share with the States and is asking that RI work with CESA to formulate a recommended position on the issue. CESA won't represent RI without RI's approval. Bruce Vild commented that he has been dealing with MMS and thinks that CESA should also look at oil and gas leasing that MMS is currently involved in. (See below for more comments by Bruce.) Advisory Board recommended that the Fund be involved in the

CESA process. The recommendation must be made to the governor's office steering committee. Denis Nixon and Bruce Vild will have responsibility for reviewing and commenting on CESA's submittals.

9. Green Power programs – Bob Grace asked for comments on the RFI which has been developed to gather information to be used to design a program to achieve these objectives to stimulate the development of new green power products (grid products) which provide greater customer appeal by conveying price stability of green power, not just environmental attributes. (Note: The RFI has been circulated to market participants.)

Decisions:

1. Incentive levels and other program guidelines were set for the Residential and Small Commercial Solar (PV) program. See above.
2. The Board voted to recommend to the Governor's office steering committee that CESA represent RI (with RI approval of comments developed by CESA) in offshore process regulatory process to begin this year.

Actions:

1. The Advisory Board will discuss reallocation of the budget at the January 2006 meeting.

Attendance:

Selman, Nancy
Hartley, Doug
Stearns, Dave
Gibbons, Dave
Warfel, Chris
Capobianco, Julie
Rose, Vin
McClanaghan, Janice
Wilhite, Chris
Jacobson, David
Condon, Pat
Farley, John
Barmann, Tim
Stephens, Erich
Dzykiewicz, Andrew
Chew, Bob
Chew, Tory
Wenskowicz, Barry
McCaughey, James
Uva, Thomas
Hill, Michael
Fugere, Vincent
Ciminero, Gary
Lueker, Bill

The following was provided in an email by Bruce Vild on offshore renewable energy project permitting by MMS:

The Department of the Interior has convened the Outer Continental Shelf (OCS) Policy Committee regularly for more than 25 years. The OCS Policy Committee was originally assigned to address minerals issues offshore in federal waters, particularly oil and gas, although hard minerals such as sand and gravel (for construction and beach nourishment purposes) have also been addressed. At the last meeting I attended in 2003, the subject of wind energy came up as a possible point of discussion if MMS, which ran the meetings, was given authority for offshore wind energy. Apparently that has happened, and MMS now has authority for nonliving resources below the seabed, on top of it, and above it. If wind energy is now within MMS' purview, there should be a seat on the Policy Committee for every coastal state impacted by offshore wind energy projects, and also for a representative of the offshore wind energy "industry," analogous to the representation now given coastal states experiencing offshore oil and gas exploration and development and the oil and gas industry on the Policy Committee. I submit this should be part of the position set forth on behalf of the coastal states by the Clean Energy States Alliance.

The new energy bill has apparently relied on all kinds of precedents established by offshore oil and gas. Even the revenue sharing scheme for offshore wind energy mimics what is in place for offshore oil and gas. The principle of sharing revenues from a resource "shared" by federal and state governments goes back to the example of pools of oil that lie partly under federal waters and partly under state waters. Therefore, the precedent of representation in a federal/state/industry/environmental forum, the OCS Policy Committee, should be followed, too.

There is also ample precedent for coastal states getting together in a caucus, or engaging a consultant, to develop a unified response to a proposal for rulemaking, scheduling of activities, etc. For example, before the first oil and gas lease sale was held in the North Atlantic/Georges Bank area, several states got together and hired two ocean policy experts to travel to areas where oil and gas development was already taking place to review permit procedures, environmental data, and industry performance so that the Northeast would know what to expect. Rhode Island was invited to join in this effort by kicking in some money, but we declined because we suspected our colleagues had an anti-development agenda that was contrary to Rhode Island's interests at the time. (This suspicion proved to be true.) It looks like what is being offered now by CESA gives us that same opportunity to back out if we feel it is in our interest to do so.

Some more about the OCS Policy Committee. Their meetings typically are held twice a year, although the current Administration has cut that back to about one meeting a year, in the Washington, DC area. The second meeting typically was near the site of offshore development, such as somewhere within the Gulf of Mexico, in California, even in Alaska. The MMS paid for all expenses traveling to and from these destinations, which meant coastal states attending did not have to rely on their own resources to do this. Naturally, this privilege should be extended to the wind energy states if we participate on the Policy Committee.

Giving the MMS an interest in managing offshore wind energy projects and extracting royalties from them suggests that a regime similar to that for oil and gas lease sales offshore might have to be developed. This was attempted, with spotty success, for nonenergy minerals. In those cases, typically it was one developer who was interested in the project, as opposed to several companies vying for the right to develop oil or gas. The questions were how to set royalty rates to ensure the public got back its fair share from a publicly-owned resource (sand and gravel), and how to make sure even if one company was the only one interested the process was transparent enough so that no one was excluded by secrecy or chicanery from putting in a rival proposal/bid. This will have to be resolved for wind energy, too.

I have contact lists, minutes from meetings going back at least 10 years, and many, many files, if

you'd like to see how MMS operates and how Rhode Island participated in the meetings. I am convinced being adamant in pursuing membership on the Policy Committee is important, because the Policy Committee provides a direct and important venue to the federal decision-makers.